

# ASSESSING DEPARTMENT

## Annual Report

January – December, 2003

**Richard Dykstra, City Assessor**

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### MISSION STATEMENT

*To develop an annual assessment and tax roll pursuant to the mandates of the State Property Tax Law and the City Charter. The Department coordinates activities of the Board of Review, develops special assessment rolls and prepares the biannual tax rolls and tax bills.*

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### GOALS FOR THE YEAR 2003

1. In our on-going effort to keep our records up-to-date, we will perform a physical appraisal of 600 Residential Class properties (20% of the class).
2. Distribute a copy of the 2003 Assessment Roll to the City Library for public use; include a press release to announce this addition to city services.
3. Distribute our public record assessment, property & tax information on the City's Internet Web page.
4. Continue with current public awareness of PA 283 of 1989, whereby taxpayers can get relief from some Assessed Value increases on their property when performing maintenance or remodeling projects.
5. Continue with the computer input of all residential footprint sketches to each parcel on our Equalizer Assessing program.
6. Continue with the implementation of the income approach to determine value for all residential income properties (rentals) within the city boundaries.
7. Perform annual physical audit of selected personal property accounts.
8. Provide opportunities for the Certified Personal Property Examiner /Department Assistant and part-time clerical staff to attend workshops and seminars on specific assessment administration skills.
9. Work to correct erroneous property descriptions causing gaps and/or overlaps in certain areas of the city. We'll correct descriptions where we can convince taxpayers of the benefit of doing so.

## **ASSESSMENT ROLL DEVELOPMENT**

The assessment year is cyclical in nature, involving the development of an annual assessment roll. The Michigan General Property Tax Laws, Michigan State Tax Commission guidelines and procedures and the City of Ludington Charter govern the process. The assessor's annual assessment cycle essentially begins in April and ends when the assessment roll is turned over to the County to begin the equalization process the following April.

The department completed the annual assessment cycle for the 2003 Assessment Roll in a timely manner by April 1<sup>st</sup>. We also coordinated the activities of the March Board of Review, completed and delivered the 2003 County Equalization Reports, continued maintenance of the 2003 Assessment roll and began the development of the 2004 Assessment Roll.

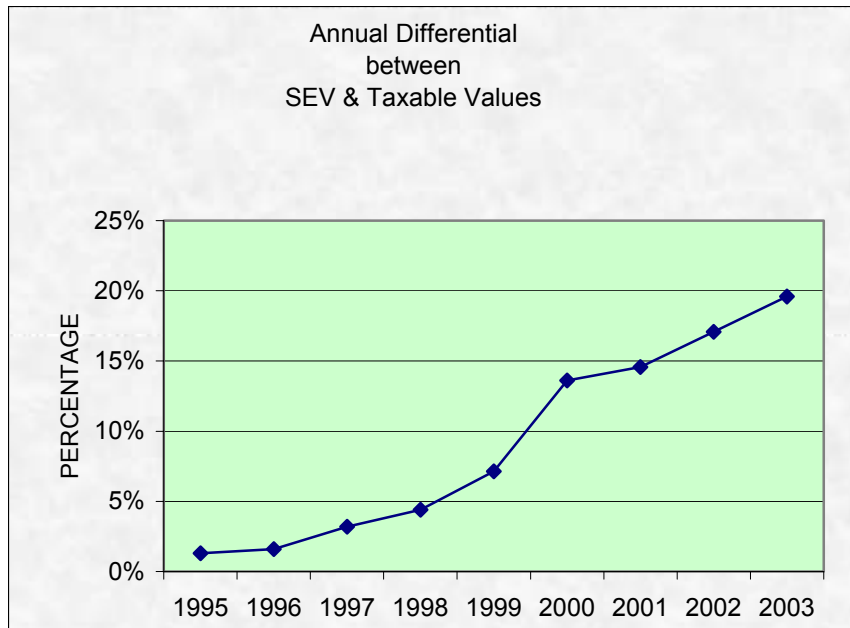
With the continued good health of the local economy, the growth of the City's assessment roll continues to remain strong. This past year the ad valorem assessed valuation increased by 10 %, from \$ 236,450,600 in 2002 to \$ 252,056,600 in 2003. Based on the market activity we are currently experiencing, we can expect a continued growth during the next assessment cycle.

### **Proposal A Impact**

One result of the school finance reform package, commonly referred to as "Proposal A of 1994", has been a steadily increasing portion of the assessment roll that is non-taxable. Proposal A limits the annual growth in taxable value of individual properties to an inflation factor (the CPI) or 5%, adjusted for property additions and losses, whichever is less, until there is a transfer of ownership.

The cumulative total of the City's non-taxable property valuations since the 1994 Roll is as follows: 1.29% for 1995; 1.60% for 1996; 3.20% for 1997; 4.41% for 1998, 7.14% for 1999, 13.62% for 2000, 14.57 % for 2001, 17.1% for 2002 and 19.6% for 2003.

This is a real property tax savings of 19.6 % for homestead residents experiencing home price inflation that is greater than the general inflation rate and who have not changed residences. A chart below graphically demonstrates the difference over the past 9 years:



SEV to TAXABLE VALUE COMPARISON CHART

The total ad valorem taxable value for 2003 is \$ 202,536,431. This is up 3.2% from the prior year's taxable value of \$196,049,424. The individual property inflation factor between 2002 and 2003 was 1.50%. The additional growth between the inflation rate (1.5%) and the actual taxable value growth (3.2%) is due to new construction and the uncapping of properties that had qualified property transfers during the 2003 calendar year.

The City's entire taxable value of \$ 208,514,269 (Ad Valorem and Specific Tax combined) is levied to one school district, namely the Ludington Area Schools. Indicative of our community's residential character, 58.98% of the taxable value is generated from residentially classed property.

### **March Board of Review**

With the advent of Proposal A, we have continued to experience a low level of appeals to the local March Board of Review and further appeals of the Board's decision to the Michigan Tax Tribunal. Appraisal staff resources are now directed earlier in the year to permit data collection and valuation, neighborhood reappraisal activities and property sales review and analysis.

### **Homestead & Property Transfer Affidavit Programs**

The homestead and property transfer affidavit programs are two activities that require a significant amount of staff resources. Each program requires the review, analysis, related correspondence and processing of over 1,000 documents this past year. The aggregate of these two programs requires roughly the equivalent of seven weeks of a full time clerical staff member's time (285 person-hours). This is up from previous years; however, due to

our continued efforts at streamlining our work processes and up-dating our technology, the use of various computer software and systems a lot of time is saved.

Of course, the state Legislature continued to add to the work load by enacting changes to the legislation such that we now have to re-educate ourselves and the taxpayer regarding the impact of date and name changes: the “homestead” is now known as the “Personal Residence Exemption” (PRE) and the deadline for filing for the PRE was changed to Dec. 31, but has again changed back to May 1, of each year. Furthermore, the law now allows for the assessor to go back to the three previous years to levy a taxpayer who has erroneously filed for a homestead during those years.

### **2003 Assessment Roll Development**

There are numerous activities that support the goal of developing an annual assessment roll under a fair and uniform assessment administration system. The major programs that take a significant amount of staff resources and which are vital activities are: the Homestead Affidavit Program, the Property Transfer Affidavit Program, the Land Division Program, the Reappraisal Program, the Permit Data Collection Program, the Personal Property Audit Program and the general maintenance of land file records.

The lighter burden of appeals to the March Board of Review this year has made it possible to direct our staff resources to those afore-mentioned programs, all of which carry beyond the March Board of Review deadline.

#### Re-appraisal Project

The preparation of the 2003 Assessment Roll began with the re-appraisal of 20% of the residentially classed properties (approx. 600 parcels), which started June 2003. This is being done each year with the intent of keeping our field records up-to-date and accurate. This physical inspection by the assessor is for the purpose of verifying measurements, taking pictures and interviewing property owners or tenants and takes up to three months, including updating the Equalizer Assessing data system. 2003 is the fourth year of the five-year program and we have, thus, re-appraised about 2,400 residential properties. The first cycle should be completed by August of 2004 with the re-appraisal of about 900 properties. Generally, the appraisal program performed in 1999 was a valuable activity. However, the re-appraisal has shown that the crew performing the original appraisal tended to improperly class and excessively depreciate the housing stock in the City, with resulting lower values overall. This pattern has been corrected during the re-appraisal project.

#### Industrial Class

The Industrial Class appraisal study for 2004 requires a reduction in the Assessed Value. This is a result of an appraisal study performed by the Mason County Equalization Bureau, in conjunction with sales occurring in the industrial sector of the surrounding

community. It is clear from these studies that this class has been over-valued and a reduction of 2.56% is needed for 2004.

### Residential Class

The Residential Class sales study for 2004 requires a 7.0% increase in the Assessed Value. This is based on sales that have taken place over the past 2 years.

### Commercial Class

The Commercial Class sales study for 2004 shows that values are at par with sales and, overall, a slight reduction will be taken in the Assessed Value. This is based on sales that have taken place over the past 2 years.

### Personal Property Class

The Personal Property Program is benefiting from the recent updates implemented in the fall of 1999. At that time I put in place an effective Personal Property Program that is implemented each year for the preparation of the new Assessment Roll.

In fact, the Department Assistant has been trained in the use of the Equalizer Assessing Personal Property system. An actual physical review of area businesses is performed each fall season. Thus, we are providing for uniformity in the assessment process: many business owners who had not been paying a property tax on their business enterprise are now doing so, perhaps to their chagrin. However, ALL business owners benefit from equitable taxation, hence, the uniformity requirement is being met.

## **Professional Development**

The first half of the year is a very busy time for everyone in the assessing profession. Due to this fact, a vast majority of our professional development training takes place in the second half of the year. I did attend the mandatory annual 6-hour certification renewal course offered by the State Assessors Board in May. The 6-hour State Assessors Board courses are offered at no cost to the participant.

I participated in several other no-cost seminars throughout the year, all with the purpose of improving my skills. I also attended a 1-day course on Uniform Standards of Professional Appraising Practices (USPAP) this past summer in order to renew my skills in this area.

Additionally, I encourage all staff members to continue their educational opportunities either through local college(s) or via specialized course work sponsored by the Michigan Assessors Association.

Staff members are encouraged to become involved in related professional associations, local community organizations and City or County committees. Our Department Assistant is the Secretary/Treasurer of the local Mason County Assessor's Association (MCAA). All of these activities strengthen our resolve to be the best we can be in providing quality service to our community.

I continued with membership of the Board of Directors of the **Mason County Habitat for Humanity**. This is a 3-year commitment of providing decent housing to those who could not otherwise afford a house in our community.

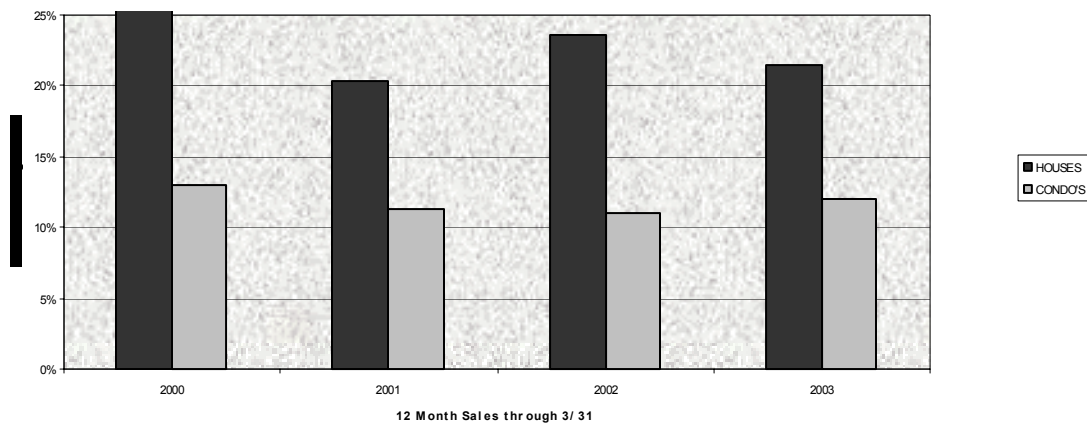
### **Assessment Uniformity**

The second half of the year is typically when we spend a considerable amount of resources ensuring that our primary goal of assessment equity and uniformity is attained. By July, we reviewed and analyzed property sales for the past year throughout the city to determine the indicated assessment uniformity measures in 54 real property neighborhoods (economic areas).

The chart below indicates the condition of our aggregate assessment uniformity measure, for residential and condominium properties, over the past 5 years.

The primary goal of the Assessing Department is to ensure a fair and equitable assessment administration system. Assessment uniformity is best measured statistically by means of the Coefficient of Dispersion (COD). COD's in the range of 5 % – 15 % for single family, residential property indicate a commendable degree of assessment uniformity. In fact, the International Association of Assessing Officers (IAAO) commends any governmental unit with a COD of less than 10 for homogenous properties, and a COD of 15 or less for heterogeneous residential properties. In general, one can expect that newer and more similar homes or condos will achieve a lower COD than can be expected with older housing stock, of which this city has a high number.

### Residential Assessment Uniformity



As the chart indicates, the residential assessment uniformity in our city is considerably different for single-family homes, than for condominiums. Also, for each of the four years above, the COD is significantly above the optimum 10%.

The high COD is a direct result of “indexing” of the annual assessment roll, a practice that my predecessor participated in for over ten years. This is very uncharacteristic of proper assessment administration practices. Correcting this situation will take a number of years: the condominium COD’s should fall to under 10% in 1 - 2 years because of the similarity of these units. However, it may take another 5 years, or more, to correct the mean COD for heterogeneous housing. We will, of course, attempt to maintain a relatively high standard of assessment uniformity and will strive to improve upon this level of performance.

This is important because spreading the burden of the property tax is, according to Michigan law, value based. For City of Ludington taxpayers, this means that the COD’s seen above place an inordinately heavy tax burden on lower value properties, allowing the higher valued properties to escape their “fair share” of taxes. This issue is of great concern to this office, one that we will continue to work to correct during the coming years.

Even with the modifications to the taxable value calculation brought on by Proposal A, the underlying constitutional requirement for assessment uniformity is still in force.

Our annual – and ongoing - objective of this department is to maintain a reappraisal schedule that produces top quality records while achieving an optimum level of assessment uniformity, given our limited resources.

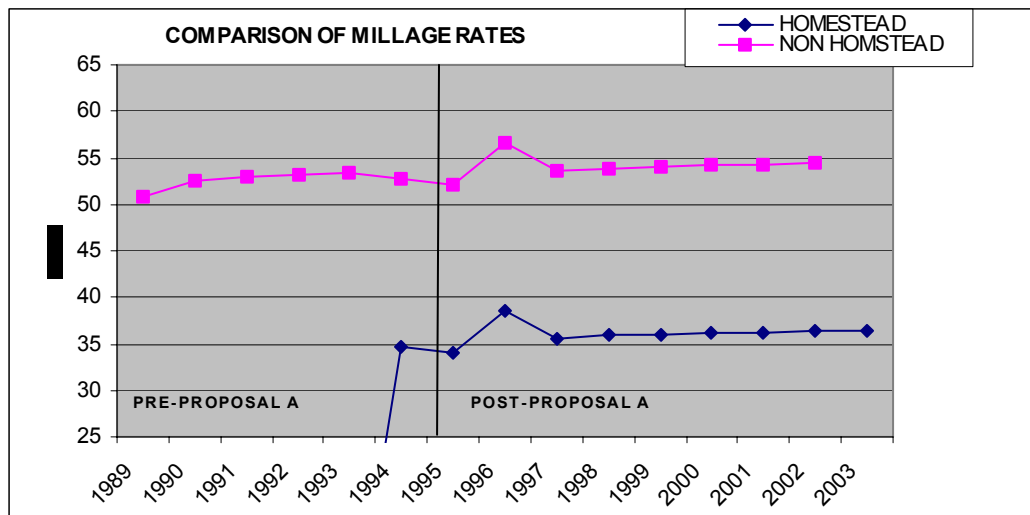
## Property Tax Roll Preparation

The Assessing Department is charged with the task of preparing the annual tax roll and tax bills for the City. The Equalizer Tax Management system takes much of the assessment data (name, address, PIN, SEV, TV, etc) and, with the addition of the appropriate millage, creates the tax roll and tax bills.

We have retained the services of a printing and mailing company to actually print the tax bills. Both the summer and winter tax bills are calculated and totaled by myself, with the concurrence of the City Treasurer, and electronically transferred to the printing/mailing company. They then print the bills, pre-sort and mail them. With the exception of a couple of dozen, the tax bills are never touched by human hands until they get to your mailbox!

Additionally, the Treasurer reports that collection of the tax bills continues to go very smoothly; it is a “user friendly” system with many of the necessary reports she frequently uses already built-in.

The chart below gives the reader a visual representation of the Overall Millage Rates for the past several years:





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## WORKLOAD/PERFORMANCE INDICATORS

### ASSESSMENT ROLL DEVELOPMENT

#### Ad Valorem Assessment Roll

| <u>Year</u> | <u>Total A.V.</u> | <u>Total T.V.</u> | <u>Non-Taxable A.V.</u> | <u>%Value Non-Taxable</u> |
|-------------|-------------------|-------------------|-------------------------|---------------------------|
| 2003        | 252,056,600       | 202,536,431       | 49,520,169              | 19.6%                     |
| 2002        | 236,450,600       | 196,049,424       | 40,401,176              | 17.1%                     |
| 2001        | 213,142,900       | 181,830,925       | 31,311,975              | 14.7%                     |
| 2000        | 198,378,800       | 171,345,062       | 27,033,738              | 13.6%                     |
| 1999        | 188,942,750       | 176,461,507       | 12,481,243              | 6.6%                      |
| 1998        | 163,073,950       | 155,890,398       | 7,183,552               | 4.4%                      |
| 1997        | 154,205,900       | 149,270,322       | 4,935,578               | 3.2%                      |

The City of Ludington is the second largest assessing unit within Mason County, based upon State Equalized Value.

| <u>Year</u> | <u>%TV Residential</u> | <u>%TV Commercial</u> | <u>%TV Industrial</u> | <u>%TV Personal Property</u> | <u>%TV Ludington Schools</u> |
|-------------|------------------------|-----------------------|-----------------------|------------------------------|------------------------------|
| 2003        | 58.9%                  | 18.0%                 | 5.7%                  | 16.4%                        | 100%                         |
| 2002        | 56.2%                  | 16.6%                 | 5.7%                  | 18.45%                       | 100%                         |
| 2001        | 59.1%                  | 16.2%                 | 6.0%                  | 17.9%                        | 100%                         |
| 2000        | 58.2%                  | 15.7%                 | 7.3%                  | 17.7%                        | 100%                         |

The City of Ludington is predominately residentially based, supporting the largest state equalized valuation in Mason County, with more than 20% of the residential SEV in the County.

| <u>Year</u> | <u>Residential</u> | <u>Commercial</u> | <u>Industrial</u> | <u>Pers. Prop</u> | <u>TOTAL</u> |
|-------------|--------------------|-------------------|-------------------|-------------------|--------------|
| 2003        | 3,224              | 343               | 43                | 576               | 4,187        |
| 2002        | 3,225              | 326               | 42                | 629               | 4,223        |
| 2001        | 3,257              | 341               | 55                | 565               | 4,219        |
| 2000        | 3,208              | 360               | 63                | 499               | 4,137        |
| 1999        | 3,195              | 332               | 72                | 382               | 3,981        |
| 1998        | 3,173              | 329               | 75                | 361               | 3,938        |
| 1997        | 3,177              | 324               | 75                | 369               | 3,945        |

#### Industrial Facility Tax (IFT) Assessment Roll

| <u>Year</u> | <u>Taxable Value</u> | <u># of Certificates</u> | <u>% of Ludington Schools</u> |
|-------------|----------------------|--------------------------|-------------------------------|
| 2003        | 5,977,838            | 39                       | 100%                          |
| 2002        | 7,022,044            | 47                       | 100%                          |
| 2001        | 8,127,300            | 46                       | 100%                          |
| 2000        | 9,755,800            | 55                       | 100%                          |
| 1999        | 14,162,700           | 68                       | 100%                          |

## **ASSESSMENT REVIEW/APPEAL ACTIVITY**

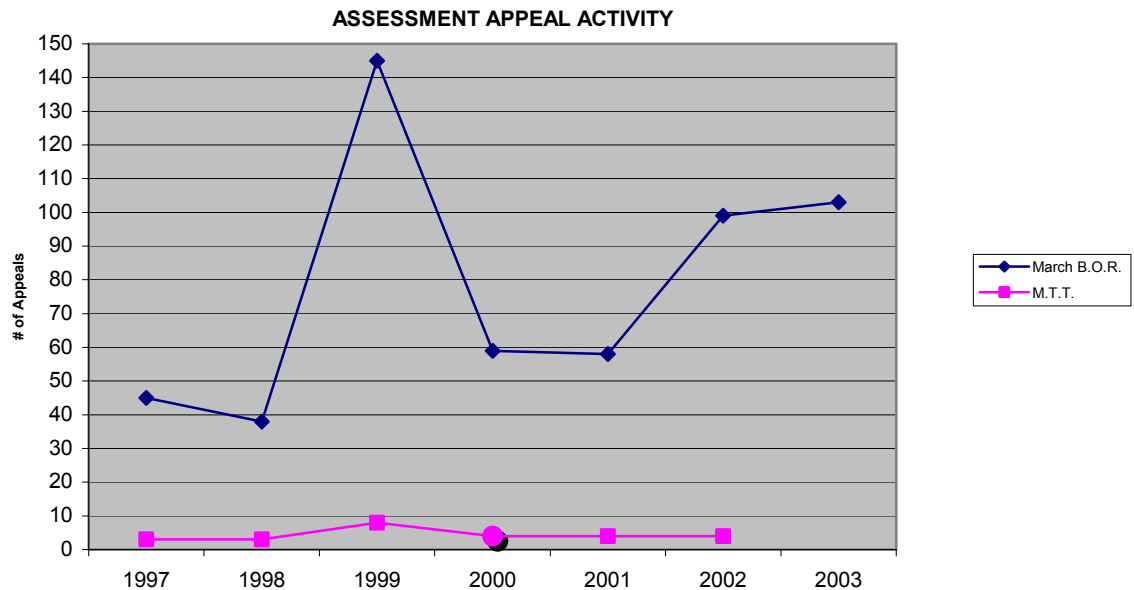
### **Michigan Tax Tribunal**

The following is a history of the total number of assessment appeal petitions filed with the Michigan Tax Tribunal.

The City of Ludington experienced its peak in the number of assessment appeal filings before the Michigan Tax Tribunal in 1993, with 18 appeals.

A summary of the appeals pending before the Michigan Tax Tribunal, not already scheduled for a hearing or having settlement agreements pending, is as follows:

| <u>Year</u> | <u>Full Tribunal</u> | <u>Small Claims</u> |
|-------------|----------------------|---------------------|
| 2003        | 2                    | 0                   |
| 2002        | 3                    | 1                   |
| 2001        | 3                    | 1                   |
| 2000        | 3                    | 1                   |



The two appeals currently before the Michigan Tax Tribunal are being held in abeyance until another, precedent-setting case, has reached a final determination of value.

Additionally, as the reader will recall, this office appeared before the full Tribunal on a local business' appeal of value contention, in which the difference of value is \$422,000. The trial was held during the week of April 7, 2003 and concluded May 20th. To date, I have easily spent over 50 hours preparing for this case. Our attorneys, Reed, Stover, PC, have billed the City for over 70 hours to date. The Tribunal has yet to rule on the case; I will notify the City Council as soon as I learn of the outcome.

Since the passage of Proposal A in 1994, the Board of Review was given the responsibility of reviewing and correcting the status of homestead exemptions. You can see from the following data that this responsibility has added a significant number of petition review activities from previous years.

### March Board of Review

| <u>Year</u> | <u>Total<br/>Parcel Count</u> | <u>Record<br/>Corrections</u> | <u>% of Total<br/>Parcels</u> |
|-------------|-------------------------------|-------------------------------|-------------------------------|
| 2003        | 4,187                         | 103                           | 2.5%                          |
| 2002        | 4,223                         | 99                            | 2.3%                          |
| 2001        | 4,219                         | 58                            | 1.4%                          |
| 2000        | 4,137                         | 59                            | 1.4%                          |
| 1999        | 3,981                         | 144                           | 3.3%                          |
| 1998        | 3,938                         | 34                            | .8%                           |
| 1997        | 3,945                         | 45                            | 1.1%                          |

### July Board of Review

The function of the July and December Boards of Review is to correct “clerical errors, mutual mistakes of fact and homestead status” relative to the current and prior years assessment rolls.

Following is a three-year comparison of July Board of Review petitions.

| <u>Year</u> | <u>Total<br/>Parcel Count</u> | <u>Total #<br/>Appeals</u> | <u>No. of<br/>Corrections</u> | <u>% Records<br/>Corrected</u> | <u>Hmstead<br/>Corrections</u> | <u>% Hmstead<br/>Corrected</u> |
|-------------|-------------------------------|----------------------------|-------------------------------|--------------------------------|--------------------------------|--------------------------------|
| 2003        | 4,187                         | 84                         | 15                            | 18%                            | 69                             | 82%                            |
| 2002        | 4,223                         | 61                         | 39                            | 64%                            | 22                             | 36%                            |
| 2001        | 4,219                         | 52                         | 23                            | 44%                            | 29                             | 56%                            |
| 2000        | 4,137                         | 95                         | 14                            | 13%                            | 81                             | 87%                            |

### December Board of Review

Following is a three-year comparison of December Board of Review petitions.

| <u>Year</u> | <u>Total<br/>Parcel Count</u> | <u>Total #<br/>Appeals</u> | <u>No. of<br/>Corrections</u> | <u>% of Records<br/>Corrected</u> | <u>Hmstead<br/>Corrections</u> | <u>% Hmstead<br/>Corrections</u> |
|-------------|-------------------------------|----------------------------|-------------------------------|-----------------------------------|--------------------------------|----------------------------------|
| 2003        | 4,187                         | 22                         | 7                             | 32%                               | 15                             | 68%                              |
| 2002        | 4,223                         | 21                         | 11                            | 39%                               | 17                             | 61%                              |
| 2001        | 4,219                         | 24                         | 15                            | 63%                               | 9                              | 37%                              |
| 2000        | 4,137                         | 24                         | 7                             | 29%                               | 14                             | 61%                              |
| 1999        | 4,294                         | 21                         | 9                             | 43%                               | 12                             | 57%                              |

## REAPPRAISAL PROGRAM

The following statistics demonstrate the commitment to keeping our records up-to-date and accurate. The numbers represent the actual field appraisal work done by staff or hired outside agents during each year.

|                              | <u><b>1999</b></u> |
|------------------------------|--------------------|
| Residential Improved Parcels | 3,125              |
| Residential Vacant Parcels   | 87                 |
| Residential Exempt Parcels   | 181                |
| Residential Land Reviews     | 17                 |
| Commercial Improved Parcels  | 347                |
| Commercial Vacant Parcels    | 13                 |
| Commercial Permit Review     | 20                 |

|                               | <u><b>2000</b></u> |
|-------------------------------|--------------------|
| Industrial Improved Parcels   | 51                 |
| Industrial Vacant Parcels     | 11                 |
| Personal Property Reviews     | 570                |
| Sales Reviewed Year-end Total | 374                |

|                               | <u><b>2001</b></u> |
|-------------------------------|--------------------|
| Residential Improved Parcels  | 637                |
| Sales Reviewed Year-end Total | 303                |
| Personal Property Reviews     | 632                |

|                               | <u><b>2002</b></u> |
|-------------------------------|--------------------|
| Residential Improved Parcels  | 752                |
| Sales Reviewed Year-end Total | 292                |
| Personal Property Reviews     | 629                |

|                               | <u><b>2003</b></u> |
|-------------------------------|--------------------|
| Residential Improved Parcels  | 634                |
| Sales Reviewed Year-end Total | 380                |
| Personal Property Reviews     | 599                |

## ASSESSMENT ROLL MAINTENANCE

### HOMESTEAD AFFIDAVIT PROGRAM

|                       | <u><b>2000</b></u> | <u><b>2001</b></u> | <u><b>2002</b></u> | <u><b>2003</b></u> |
|-----------------------|--------------------|--------------------|--------------------|--------------------|
| Affidavits Processed  | 87                 | 89                 | 175                | 182                |
| Affidavit Rescinds    | 31                 | 40                 | 172                | 211                |
| Affidavit Denials     | 134                | 60                 | 7                  | 18                 |
| Clarification Letters | 119                | 110                | 100                | 225                |
| Hours Worked, Clerk   | 46                 | 50                 | 113                | 150                |

### **PROPERTY TRANSFER AFFIDAVIT (PTA) PROGRAM**

|                           | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> |
|---------------------------|-------------|-------------|-------------|-------------|
| Parcels Uncapped, 100%    | 216         | 162         | 221         | 238         |
| Parcels Uncapped, Partial | -0-         | 1           | -0-         | 1           |
| PTA Exemptions            | 41          | 44          | 104         | 142         |
| Deeds & PTA's Reviewed    | 584         | 303         | 355         | 380         |
| Hours Worked, Clerk       | 137         | 150         | 175         | 190         |

### **RESIDENTIAL PROPERTY SALES STUDY**

| Time Frame          | #of Sales | Aggregate Sales Value | Avg. Sales Price |
|---------------------|-----------|-----------------------|------------------|
| 01/01/03 – 12/31/03 | 203       | \$ 22,789,310         | \$112,262        |
| 01/01/02 - 12/31/02 | 172       | \$ 16,610,028         | \$101,902        |
| 01/01/01 - 12/31/01 | 176       | \$ 16,069,242         | \$ 91,303        |
| 01/01/00 – 12/31/00 | 216       | \$ 18,633,935         | \$ 86,268        |

| Year Ending:              | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> |
|---------------------------|-------------|-------------|-------------|-------------|-------------|
| Number of Sales           | 257         | 216         | 176         | 172         | 203         |
| Residential Parcels       | 3,195       | 3,208       | 3,257       | 3,225       | 3,224       |
| Turnover, Residential (%) | 8.0%        | 6.7%        | 5.4%        | 5.3%        | 6.3%        |

Note: In a 5-year time period, the average residential selling price has increased 37%!

### **The Homestead Exemption Affidavit Program**

During the calendar year 2003, the maintenance of the homestead exemption affidavit program required a total of 150 hours of clerical staff time. The program involved the following significant activities: the processing of 182 exemption affidavits & updates; the processing of 211 exemption recessions; 18 homestead denials and, the mailing of 225 correspondences related to the homestead exemption research.

### **The Land Division Program**

During 2003, the department coordinated the review process for 5 land divisions and 13 parcel combinations.

The assessing & clerical staff time required maintaining this program totaled approximately 20 hours during 2003.

### **Implementation of the Mathieu-Gast Program**

2003 was the fourth year of the implementation of PA 283 of 1989 (the Mathieu-Gast Act) in the City of Ludington, whereby taxpayers can get some relief from Assessed Value increases on their property when performing maintenance or remodeling projects.

The City of Ludington does not require building permits for driveways, painting, interior decorating, roofing nor siding replacement or repair. When homeowners perform any of these projects on their residence, they may be eligible for a reduction in their assessed value. A form is sent to the taxpayer to complete and return to our office by Dec. 31<sup>st</sup>.

Once each year a follow-up is performed to verify the work completed and compute the true cash value of the improvements. That value is then deducted from their new assessment, and remains “off the books” until the house is sold.

It should be noted that this program is available only to residential property owners; it is not applicable to commercial or industrial properties.

During the year, we received 17 completed applications. The negative revenue impact to the city as a result of this program is minimal, while taxpayers understand that we are trying to fair and uniform in the administration of all assessments ...and can possibly save them some tax dollars, too.

## **CUSTOMER SERVICE**

As the year progressed, the department pursued the following customer service related issues: public relations, information accessibility and improved operating efficiencies.

### **Public Relations**

In the area of public relations, we continued to provide appropriate assessment related informational material as requested by taxpayers and staff.

During 2003, we improved our information accessibility to the citizen/customer by making a concerted effort to wait on them promptly and streamline our information gathering activities in order to obtain the information as soon as feasible. Our practice is to answer the telephone after the first, not the second, ring.

### **Information Accessibility**

In 2003 we began offering a free service to anyone who wants a Property Record Card. Anyone using our email address ([assessingdept@ci.ludington.mi.us](mailto:assessingdept@ci.ludington.mi.us)) is emailed a copy of any Property Record Card at no charge. Doing so has assisted hundreds of businesses, professional and general taxpayers with information they want and need for a variety of purposes without their having to make a personal stop at our office.

In our continuing effort to expand our service to the public, I placed a copy of the 2003 Assessment Roll at the Ludington Public Library.

We will continue to focus on improving our information delivery system during the coming year.

For the upcoming assessment cycle each taxpayer who has had any change to his/her assessment or taxable value will be sent an assessment change notice. Additionally, they will be given an opportunity to meet with the Board of Review to address any concerns or questions they may have. Following this Board of Review session, lasting approximately one week, the taxpayer has an additional appeal process, through the Michigan Tax Tribunal.

## **OPERATIONAL ACTIVITIES**

The addition of computer hardware and software greatly enhanced the delivery of information, both telephonically and for the “walk-in” public.

The pursuit of improved efficiencies is an objective that is ongoing. Other software systems contemplated which would improve our overall efficiency and ease of delivery are: Geographic Information System (GIS) programs. This software will offer our public imaging capabilities, digital photography and electronic drawings.

With regard to improving our storage and retrieval of assessment related data, we continue to work on adding our property drawings to our property related database.

The assessing department plays a key roll in the development and maintenance of the City's land file information. The outcome of this system review will have a significant impact on our ability to implement new technologies such as digital photography, electronic line drawings, data analysis and report writing within our assessment systems.

This is especially important for preparation of the anticipated 2004 “fly-over” of the entire County: funding as been set aside for a cooperative “fly-over” of the city, in conjunction with the Mason County “fly-over” of the entire county.

We can expect significant cost savings, as well as uniformity of the end product, by using the same contractor during the same time period when they perform an update of their mapping systems.

## **INFORMATION TECHNOLOGY:**

### **INTERNET ACCESS**

A significant part of any public relations program in today’s technological age is the public’s access to the INTERNET. The Internet represents an important avenue this city can use to bring our government services to the citizens, taxpayers and the general public, including those considering moving to, visiting, or doing business with the city.

The Assessing, Building and Treasury Departments have available a vast amount of information that is a part of the “public domain” (i.e., freely distributable to the general public without restrictions of confidentiality) and which is desired by a variety of our citizenry. Information such as tax levies, special assessment levies, SEV and taxable

values, address and ownership information, property improvements and characteristics are examples of some of the information we can make available.

Who wants this information? Some examples are: citizens and property owners, visitors, tourists, realtors, appraisers, developers, builders, contractors, those considering moving to the city and title insurance representatives, to name a few.

“The Internet is the ideal medium for offering government services. Busy people who have come to expect accessible information and services from the commercial world want nothing less from their governments. Relentless improvements in networking and computing technologies have made it possible for every citizen to take charge of his relationship with government.” Steve Koldney, Civic.com, January, 2000

For the past couple of years I’ve attempted to make our public record information (assessment data, property information and tax data) available on the City of Ludington’s Internet Web Site, but without success. Beginning in 2004 we will be bringing this service to the City’s new web site: funding for the project is in place and the technology is now streamlined to accommodate our data.

#### **LOCAL AREA NETWORK (LAN) ADMINISTRATION**

While I am the assessor, management has increased my workload & responsibility by asking me to administer the Local Area Network (LAN) and its various components.

During the past year our department has:

- Been instrumental in acquiring the annual service agreement for the Norton Anti-Viral software that is installed on all the machines in City Hall.
- Been instrumental in acquiring the annual contract for computer and network maintenance.
- Overseen the diagnosis and helped replace failed hard drives in 3 machines.
- Overseen the diagnosis and helped replace 2 failed PC’s.
- Daily monitor the status of the server and it’s backup system.
- Consulted with other department heads regarding the acquisition of printers & other accessories.
- Assisted with the purchase and installed a new computer at the Senior Center.
- Assisted with the acquisition and installation of software for the Water Treatment Plant and the Marina.

#### **WEB PAGE DEVELOPMENT**

Our department has been instrumental in adding to the depth of the City’s web page: During the summer 2003, our City Manager initiated the development of a new Web page for the City. Several department heads met to discuss the merits, impact and process that should be taken to revise the existing web page. A consultant was hired to design an overall web page and the City Manager gathered several supervisors and department



heads to be trained on inputting information onto the page. The result is a totally new look, and a 24/7 presence on the World Wide Web: taxpayers and customers can now do business with the city on a limited number of issues no matter what the time of day.

The City Manager asked me to perform several aspects of the development that were instrumental to the overall development and ongoing functionality of the web page. Some of those are: (1) maintain a dialogue with the Internet web master (our web page is located on the Mason County Library server); (2) establish an overall design for each individual page; (3) establish a security system for individual page access and control by various authors.

### **MLMNO LINK MICHIGAN**

During the past year I have attended several meetings of the Link Michigan organization. This is a consortium of governmental, educational and some private companies who are researching & surveying the Mason, Lake, Manistee, Newaygo and Oceana County (MLMNO) area to determine the extent and feasibility for bringing Broadband Internet access to this area.

The survey has taken about 10 months; perhaps some of you participated in it. The results have just been released by the Lansing based consultant. The conclusions are that (1) Broadband access to the Internet is needed in this area, (2) private residential and commercial customers would pay more for Broadband access than their current dial-up access, (3) the most feasible method of bringing Broadband Internet to this rural area is through wireless technologies connected via several communication towers, some of which are already in place.

I am working/consulting with WSCC and Manistee ISD technical personnel on completing a system that conforms to the above conclusions. In addition, I am working to ensure that our municipal and public safety departments are able to maintain our broadband access while reducing our costs for the same. Additionally, I am working with the above personnel to bring Broadband Internet access to ALL of the city's satellite operations (water treatment plant, DPW, fire department, etc). Currently, the various departments of the City are not connected together; nor do many of them have Internet access, or, if they do, it is dial-up access only. With the City Manager's support, I am working to correct that condition.

### **OFFICE MANAGEMENT**

Management of the combined assessing and building departments is an increasingly involved: (1) the assessment administration cycle, (2) building permitting, (3) code enforcement and (4) information technology are duties that keep expanding in scope and in depth. Our time commitment to various the tasks becomes increasingly complicated.

We track our monthly activity in order to measure where we are putting our energy and resources and in order to compare our activity from one year to the next. Some highlights are as follows:

- a) Received an estimated 4,000 incoming phone calls.
- b) Received an estimated 600 zoning inquiries.
- c) Received an estimated 1,500 building code inquiries.
- d) Processed 735 property complaints, most of which were resolved. The processing of these complaints requires on-site field inspection, completing paper reporting forms, computer data entry, writing and mailing letters and/or citations, generating follow-up inspections and, finally, follow-up computer data entry. All of which requires teamwork between the code enforcement officer and our department assistant and the part-time clerk. For every property complaint that the code enforcement officer either generates, or has received, our office personnel expend as much as 1-1/4 hours in processing time.
- e) Received over 1,200 property inquiries (via phone and/or walk-in) generating over \$411 in fees collected.
- f) Processed nearly 400 real estate sales.
- g) Received over 75 assessment notice inquiries.
- h) The Department Assistant scheduled 23 meetings (site plan, public hearings, planning commission, etc) during the year, for which 639 public notices were mailed.
- i) 173 Building Permits were issued; 299 inspections recorded.
- j) The clerical staff estimates that over 300 hours of their time alone is spent talking to callers on the telephone during the past year. That's an average of 1 ¼ hours per working day. (The Assessor and Building Inspector's time spent on the telephone would be in addition to that estimate.)

This is just a brief overview of the kind of activities our office personnel participate in.

While I am very pleased with the functioning of the office overall, I am concerned that the staff will become overwhelmed with the current workload. Improved efficiencies with our computer database has helped to alleviate much of the "manual" labor we used to perform; however, the more skilled we become, the greater are the demands that seem to be placed on our time. I am certain that many of the figures above will increase this coming year.

Due to the departure of our part-time clerk in September – and our decision not to rehire until the first of 2004 for budgetary reasons – our departmental duties and tasks became

backlogged. In fact, there are a number of activities and tasks that I've intended doing for over 3 years, but have not yet been able to complete. In short, this office could not operate effectively if we were still a "paper 'n pencil" operation; our technology has helped us master the tasks. At the same time, more demands and expectations have been placed upon us that we've able to meet due to our technological orientation.

### **Effective Assessment Administration System**

The TEN KEY COMPONENTS of an Effective Assessment Administration System, as suggested by the International Association of Assessing Officers (IAAO), are:

1. Adequate budget, competent staff, and effective internal controls
2. Complete maps and files
3. Accurate Property data
4. Accurate sales data
5. Effective Cost Approach
6. Effective Sales Comparison Approach
7. Effective Income Approach
8. Modern Data Processing & Storage
9. Open Public Relations
10. Periodic Assessment-Ratio Studies

## **FISCAL YEAR 2004**

### **GOALS:**

After five years I feel we have accomplished several of those components, but much remains to be done:

- Provide programs and procedures that ensure a fair and equitable assessment administration system, according to the City Charter and the Michigan General Property Tax Laws, especially as regards to the Income Approach for rental properties.
- Provide a professionally certified and educated staff to meet objectives.
- Prepare the staff for professional advancement opportunities.
- Ensure a high degree of customer service and easy access to our property records.

## **OBJECTIVES**

For 2004, the following objectives are planned:

1. In our on-going effort to keep our records up-to-date, we will complete the final year - of a five-year cycle - physical appraisal of 900 Residential Class properties (25% of the class).
2. Distribute a copy of the 2004 Assessment Roll to the City Library for public use; include a press release to announce this addition to city services.
3. Distribute our public record assessment, property & tax information on the City's Internet Web page.
4. Continue with current public awareness of PA 283 of 1989, whereby taxpayers can get relief from some Assessed Value increases on their property when performing maintenance or remodeling projects.
5. Continue with the computer input of all residential footprint sketches to each parcel on our Equalizer Assessing program.
6. Continue with the implementation of the income approach to determine value for all residential income properties (rentals) within the city boundaries.
7. Perform annual physical audit of selected personal property accounts.
8. Provide opportunities for the Certified Personal Property Examiner /Department Assistant and part-time clerical staff to attend courses, workshops and seminars on specific assessment administration skills, such as computer skills, Builders Licensing and Level I assessment administration.
9. Work to correct erroneous property descriptions causing gaps and/or overlaps in certain areas of the city. We'll correct descriptions where we can convince taxpayers of the benefit of doing so.
10. Continue with the correction of all legal descriptions currently in our database.